

**Clark Street**  
**Special Service Area Number 24**  
(DevCorp North, Contractor)

Comparative Financial Statements

Years Ended December 31, 2009 and 2008

Clark Street  
Special Service Area Number 24

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## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors  
Clark Street Special Service Area Number 24  
(DevCorp North, Contractor)  
Chicago, Illinois

We have audited the accompanying statement of financial position of Clark Street Special Service Area Number 24 (DevCorp North, Contractor) (a nonprofit organization) as of December 31, 2009 and 2008, and the related statements of activities and cash flows for the years then ended. These financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Clark Street Special Service Area Number 24 (DevCorp North, Contractor), as of December 31, 2009 and 2008, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America. The information included in the accompanying Schedule 1 is presented for supplemental analysis purposes. Such information has been subjected to the inquiry and analytical procedures applied in the audit of the basic financial statements, and we are not aware of any material modifications that should be made thereto.

*Bravos & Associates*

March 26, 2010  
Bloomington, Illinois

Clark Street  
Special Service Area Number 24  
(DevCorp North, Contractor)  
Comparative Statement of Financial Position  
December 31, 2009 and 2008

	<u>2009</u>	<u>2008</u>
<u>Assets</u>		
<u>Current Assets</u>		
Cash and Cash equivalents	\$ 48,327	\$ 2,566
Government receivables	6,959	982
Due from SSA Number 19	2,121	-
Prepaid expenses	<u>2,571</u>	<u>1,195</u>
<u>Total current assets</u>	59,978	4,743
<u>Other assets</u>		
Security deposit	<u>375</u>	<u>375</u>
<u>Total Assets</u>	<u>\$ 60,353</u>	<u>\$ 5,118</u>
<u>Liabilities and Net Assets</u>		
<u>Current Liabilities</u>		
Accounts payable	\$ -	\$ 740
Accrued expenses	-	4,421
Due to SSA Number 19	-	276
Loan payable Harris Bank	35,752	-
Due to DevCorp North	<u>19,887</u>	<u>15,347</u>
<u>Total current liabilities</u>	55,639	20,784
<u>Net assets, unrestricted (deficit)</u>	<u>4,714</u>	<u>(15,666)</u>
<u>Total Liabilities and Net Assets</u>	<u>60,353</u>	<u>5,118</u>

Clark Street  
Special Service Area Number 24  
(DevCorp North, Contractor)  
Comparative Statement of Activities  
For the Years ended December 31, 2009 and 2008

	2009			2008		
	<u>Actual</u>	<u>Budget</u>	<u>Over (Under) Variance</u>	<u>Actual</u>	<u>Budget</u>	<u>Over (Under) Variance</u>
<u>Changes in Unrestricted Net Assets:</u>						
<u>Revenues:</u>						
Tax Levy Revenue	\$ 353,921	\$ 395,486	\$ (41,565)	\$ 289,046	\$ 344,326	\$ (55,280)
<u>Expenses:</u>						
<u>Program costs:</u>						
1.00 Advertising & Promotion	53,404	62,738	(9,334)	38,236	47,665	(9,429)
2.00 Public Way Maintenance	82,702	98,863	(16,161)	98,636	97,842	794
3.00 Public Way Aesthetics	10,546	28,000	(17,454)	12,384	20,943	(8,559)
4.00 Tenant Retention/Attraction	19,392	24,500	(5,108)	17,303	24,253	(6,950)
5.00 Façade Improvements	33,757	43,000	(9,243)	48,031	40,165	7,866
6.00 Parking/Transit/Accessibility	65,243	52,500	12,743	25,020	42,532	(17,512)
7.00 Safety Programs	11,371	18,000	(6,629)	8,920	13,854	(4,934)
8.00 District Planning	7,128	6,800	328	10,876	12,143	(1,267)
Total Program Expense	<u>283,543</u>	<u>334,401</u>	<u>(50,858)</u>	<u>259,406</u>	<u>299,397</u>	<u>(39,991)</u>
<u>Administration</u>						
9.00 Operational & Administrative Support	49,998	42,990	7,008	29,427	27,429	1,998
10.00 Tax Levy Loss Collection	-	18,095	(18,095)	-	17,500	(17,500)
Total Administration expenses	<u>49,998</u>	<u>61,085</u>	<u>(11,087)</u>	<u>29,427</u>	<u>44,929</u>	<u>(15,502)</u>
Total Expenses	<u>333,541</u>	<u>395,486</u>	<u>(61,945)</u>	<u>288,833</u>	<u>344,326</u>	<u>(55,493)</u>
Increase (Decrease) in Net Assets	20,380			213		
<u>Unrestricted Net Assets:</u>						
Beginning of Year	<u>(15,666)</u>			<u>(15,879)</u>		
End of Year (Deficit)	<u>\$ 4,714</u>			<u>\$ (15,666)</u>		

Clark Street  
Special Service Area Number 24  
(DevCorp North, Contractor)  
Comparative Statement of Cash Flows  
December 31, 2009 and 2008

	<u>2009</u>	<u>2008</u>
Cash Flows from operating activities:		
Increase (decrease) in unrestricted net assets	\$ 20,380	\$ 213
Adjustments to reconcile increase in net assets to net cash provided by operating activities		
(Increase) decrease in assets:		
Receivables	(5,977)	13,087
Due from SSA Number 19	(2,121)	255
Prepaid expenses	(1,376)	(268)
Security deposit	-	-
Increase (decrease) in liabilities:		
Accounts payable	(740)	(6,363)
Accrued expense	(4,421)	3,246
Due to SSA Number 19	(276)	276
Due to DevCorp North	<u>4,540</u>	<u>429</u>
Net cash (Used) from operations	10,009	10,875
 Cash flows provided by financing activities:		
Loan payable Harris Bank	<u>35,752</u>	<u>(75,000)</u>
Net cash provided by financing activities	35,752	(75,000)
Net cash provided	45,761	(64,125)
 Cash and Cash Equivalents		
Beginning of the year	<u>2,566</u>	<u>66,691</u>
End of the year	<u>\$ 48,327</u>	<u>\$ 2,566</u>
 <u>Supplemental disclosures:</u>		
Interest Paid	<u>\$ 2,893</u>	<u>\$ -</u>
Taxes Paid	<u>\$ -</u>	<u>\$ -</u>

Clark Street  
Special Service Area Number 24  
(DevCorp North, Contractor)  
Notes to Financial Statements  
December 31, 2009 and 2008

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**Summary of Accounting Policies**

Nature of Organization

DevCorp North (Organization) is a not-for-profit corporation organized under the laws of the State of Illinois. The Organization was formed to revitalize the Rogers Park business districts.

Basis of Presentation

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board in its Statement of Financial Accounting Standards (SFAS) No. 117, Financial Statements of Not-for-Profit Organizations. Under SFAS No. 117, the Organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets and permanently restricted net assets. As of December 31, 2009 and 2008, the Organization had no temporarily or permanently restricted net assets.

Special Service Area Agreement

The Organization entered into an agreement with the City of Chicago on December 17, 2003, whereby the City has establish a special service area known and designated as “Clark Street Special Service Area Number 24” to provide special services in addition to those services generally provided by the City. DevCorp North has been designated as “Contractor” under terms of the agreement. The City has authorized a levy not to exceed 0.60% of the equalized assessed value of all property within the area to produce sufficient revenues to provide those special services.

The maximum amount to be paid to the Organization is the lesser of \$ 265,968 or the amount of service tax funds collected for the year 2009 and 2008. For each subsequent year of the agreement, the maximum amount to be paid is the lesser of the budget for that year or the amount of service tax funds actually collected for the preceding tax year. The agreement shall continue through December 31, 2012.

Use of Accounting Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Concentration of Credit Risk

The Organization maintains its cash balances at three financial institutions in the Chicago metropolitan area, which are Federally insured up to prescribed limits.

Clark Street  
Special Service Area Number 24  
(DevCorp North, Contractor)  
Notes to Financial Statements  
December 31, 2009 and 2008

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**Summary of Accounting Policies – Continued**

Income Tax Status

The Organization is exempt from Federal Income tax under Section 501(c) (3) of the Internal Revenue Code.

Revenue Recognition

Revenue from property taxes levied is recognized in the year that it becomes available.

**Related Party Transactions**

Clark Street Special Service Area Number 24 shares office space, equipment and employees through its affiliation with DevCorp North, the contractor.

Clark Street Special Service Area Number 24 has no employees of its own, but reimburses the contractor for the payroll and related costs of the individuals working on the programs. In addition, the contractor also receives reimbursements for a portion of its operating expenses, and use of office equipment and supplies.

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## INDEPENDENT AUDITOR'S REPORT ON THE SUPPLEMENTARY INFORMATION

To the Board of Directors  
Clark Street Special Services Area Number 24  
(DevCorp North, Contractor)  
Chicago, Illinois

Our audit was made for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information, which follows, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on it.

*Bravos & Associates*

March 26, 2010  
Bloomington, Illinois

Clark Street  
Special Service Area Number 24  
(DevCorp North, Contractor)  
Comparative Schedule of Expenses with Budget Variances  
For the Years Ended December 31, 2009 and 2008

	2009			2008		
	<u>Actual</u>	<u>Budget</u>	<u>Over (Under) Variance</u>	<u>Actual</u>	<u>Budget</u>	<u>Over (Under) Variance</u>
<u>Expenses:</u>						
<u>Programs:</u>						
<u>1.00 Advertising &amp; Promotion</u>						
1.01 Display Ads	2,124	2,000	124	194	2,000	(1,806)
1.02 Holiday/Seasonal Promotions	425	3,500	(3,075)	-	3,000	(3,000)
1.03 Print Materials	6,568	5,000	1,568	1,075	5,000	(3,925)
1.04 Public/Media Relations Services	-	500	(500)	700	1,000	(300)
1.05 Special Events	22,059	30,000	(7,941)	21,000	20,000	1,000
1.06 Website/Technology	-	1,000	(1,000)	-	1,000	(1,000)
1.07 Service Provider Direct Services	22,228	20,738	1,490	15,267	15,665	(398)
Total	<u>53,404</u>	<u>62,738</u>	<u>(9,334)</u>	<u>38,236</u>	<u>47,665</u>	<u>(9,429)</u>
<u>2.00 Public Way Maintenance</u>						
2.01 Equipment Lease & Maintenance	8,446	16,000	(7,554)	20,276	12,000	8,276
2.02 Gate/Fence Maintenance	-	-	-	-	-	-
2.03 Graffiti Removal	-	-	-	-	-	-
2.04 Liability/Property Insurance	600	3,500	(2,900)	-	-	-
2.06 Sidewalk Power Washing	354	4,000	(3,646)	1,634	2,000	(366)
2.07 Sidewalk Snow Plowing	8,493	5,000	3,493	4,622	2,000	2,622
2.08 Staff Wages & Fringe Benefits	43,595	53,463	(9,868)	32,645	50,800	(18,155)
2.09 Storage Rental	5,181	5,500	(319)	4,789	4,000	789
2.10 Supplies	2,501	2,500	1	4,392	1,500	2,892
2.11 Trash Removal Service	1,952	1,900	52	1,841	1,600	241
2.12 Vermin Abatement Program (Rats, Pigeons, etc)	-	1,000	(1,000)	-	-	-
2.14 Service Provider Direct Services	6,435	6,000	435	5,089	5,222	(133)
2.15 Other: Maintenance Stipends	5,145	-	5,145	5,950	-	5,950
2.16 Other: Assistant Director of Maintenance	-	-	-	17,398	18,720	(1,322)
Total	<u>82,702</u>	<u>98,863</u>	<u>(16,161)</u>	<u>98,636</u>	<u>97,842</u>	<u>794</u>

Clark Street  
Special Service Area Number 24  
(DevCorp North, Contractor)  
Comparative Schedule of Expenses with Budget Variances  
For the Years Ended December 31, 2009 and 2008

	2009			2008		
	<u>Actual</u>	<u>Budget</u>	<u>Over (Under) Variance</u>	<u>Actual</u>	<u>Budget</u>	<u>Over (Under) Variance</u>
<u>Programs:</u>						
<u>3.00 Public Way Aesthetics</u>						
3.01 Decorative Banner	1,934	2,000	(66)	495	2,000	(1,505)
3.02 Holiday Decorations	-	8,000	(8,000)	-	6,000	(6,000)
3.03 Landscaping	33	4,000	(3,967)	1,711	1,000	711
3.05 Streetscape, Elements Purchase/Install/Maintenance	-	4,000	(4,000)	-	-	-
3.06 Wayfinding/Signage	-	2,000	(2,000)	-	1,500	(1,500)
3.07 Service Provider Direct Services	8,579	8,000	579	10,178	10,443	(265)
Total	10,546	28,000	(17,454)	12,384	20,943	(8,559)
<u>4.00 Tenant Retention/Attraction</u>						
4.01 Property Owner/Broker/Tenant Relations	100	500	(400)	-	1,500	(1,500)
4.03 Site Marketing Materials	-	4,000	(4,000)	-	4,000	(4,000)
4.04 Technical Assistance to Businesses	-	2,000	(2,000)	-	1,000	(1,000)
4.06 Service Provider Direct Services	19,292	18,000	1,292	17,303	17,753	(450)
Total	19,392	24,500	(5,108)	17,303	24,253	(6,950)
<u>5.00 Façade Improvements</u>						
5.01 Business Improvement Program	18,754	29,000	(10,246)	32,764	24,500	8,264
5.02 Awning Rebate Program	-	14,000	(14,000)	-	-	-
5.03 Signage Removal Program	-	-	-	-	-	-
5.04 Service Provider Direct Services	15,003	-	15,003	15,267	15,665	(398)
Total	33,757	43,000	(9,243)	48,031	40,165	7,866
<u>6.00 Parking/Transit/Accessibility</u>						
6.01 Bicycle Advocacy (racks, promotiosn,etc)	-	1,000	(1,000)	-	-	-
6.03 Parking Facility Enhancement Program	-	2,000	(2,000)	-	-	-
6.08 Parking Fee Subsidy	13,375	9,000	4,375	6,470	5,000	1,470
6.09 Parking Wayfinding Signage	-	500	(500)	1,352	1,000	352
6.10 Public Transit Enhancements	41,155	30,000	11,155	4,984	20,000	(15,016)
6.11 Shared Valet Program	-	-	-	-	4,000	(4,000)
6.13 Service Provider Direct Services	10,713	10,000	713	12,214	12,532	(318)
Total	65,243	52,500	12,743	25,020	42,532	(17,512)

Clark Street  
Special Service Area Number 24  
(DevCorp North, Contractor)  
Comparative Schedule of Expenses with Budget Variances  
For the Years Ended December 31, 2009 and 2008

<u>Expenses</u>	2009			2008		
	<u>Actual</u>	<u>Budget</u>	<u>Over (Under) Variance</u>	<u>Actual</u>	<u>Budget</u>	<u>Over (Under) Variance</u>
<u>7.00 Safety Programs</u>						
7.01 Public Way Surveillance Cameras/Maintenance	658	7,000	(6,342)	778	2,000	(1,222)
7.02 Security Rebate Program	-	-	-	-	-	-
7.04 Police Bicycle Purchase	-	-	-	-	-	-
7.05 Lighting, Tree Pruning	-	1,000	(1,000)	-	3,500	(3,500)
7.07 Security Subcontractor	-	-	-	-	-	-
7.09 Service Provider Direct Services	10,713	10,000	713	8,142	8,354	(212)
Total	<u>11,371</u>	<u>18,000</u>	<u>(6,629)</u>	<u>8,920</u>	<u>13,854</u>	<u>(4,934)</u>
<u>8.00 District Planning</u>						
8.01 SSA Work Plans, Visioning, Etc.	-	-	-	-	-	-
8.02 District Branding	1,250	600	650	-	600	(600)
8.03 District Market Study, Impact Analysis, etc.	516	600	(84)	698	600	98
8.04 District Master Plan Corridor Plans Streetscape	-	600	(600)	-	500	(500)
8.05 Parking Studies	-	-	-	-	-	-
8.07 Service Provider Direct Services	5,362	5,000	362	10,178	10,443	(265)
Total	<u>7,128</u>	<u>6,800</u>	<u>328</u>	<u>10,876</u>	<u>12,143</u>	<u>(1,267)</u>
<u>Administration:</u>						
<u>10.00 Operational &amp; Administrative Support</u>						
10.01 Audit/Bookkeeping	11,225	9,000	2,225	9,002	8,625	377
10.02 Meeting Expense	761	1,500	(739)	740	1,500	(760)
10.03 Office Equipment Lease/Maintenance	3,911	3,500	411	956	500	456
10.04 Office Rent	6,000	6,000	-	2,500	2,500	-
10.05 Office Supplies	7,144	3,000	4,144	3,854	1,500	2,354
10.06 Office Utilities/Telephone	3,046	2,000	1,046	1,903	1,000	903
10.07 Postage	600	600	-	500	500	-
10.08 Office Printing	2,424	2,000	424	1,174	1,000	174
10.09 Service Provider Administrative Support	14,562	13,590	972	8,142	8,354	(212)
10.10 Subscriptions/dues	325	300	25	440	450	(10)
10.11 Other: Training & Development	-	1,500	(1,500)	216	1,500	(1,284)
10.12 Other: Travel	-	-	-	-	-	-
Total	<u>49,998</u>	<u>42,990</u>	<u>7,008</u>	<u>29,427</u>	<u>27,429</u>	<u>1,998</u>

Clark Street  
Special Service Area Number 24  
(DevCorp North, Contractor)  
Schedule of Findings  
Year ended December 31, 2009

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Finding # 1

We have reviewed the Agreement for Special Service Area Number 24 between the City of Chicago and the Contractor (DevCorp North) for the year ended December 31, 2009 and 2008.

We noted no exceptions